

STATEMENT OF GOVERNOR HALEY BARBOUR
Tuesday, October 13, 2009

In view of the continuing revenue shortfall that threatens the state budget, I have begun working on additional cuts that will be needed to keep the budget in balance, as required by law. Complicating the process is a state statute that limits my authority to cut agencies in two significant ways: first, it requires all agencies to be cut by five percent before any agency is cut in excess of five percent; second, it requires that all cuts above five percent be uniform across state agencies.

Balancing the FY 2010 budget will likely require reductions of more than 5 percent. To fully balance the budget through cuts, I would have to impose significant cuts to Medicaid, as well as to other programs already cut by 5 percent or more in the FY 2010 budget itself. Clearly, the Governor's statutory budget reduction authority is an inadequately precise tool in this case. I will make further cuts where I can, but it is likely the Legislature will have to deal with the need for more cuts when it returns in January 2010.

While we make cuts, we must also reevaluate how state agencies conduct business. As part of a process I hope will lead to greater efficiencies and more transparency in how state agencies use their money, I have asked each agency to conduct a detailed, top to bottom analysis of its operations in order to identify their most essential programs and priorities. I have asked for this information by October 23, 2009, and will report these findings to the people of Mississippi as part of the FY 2011 budget process.

Much has been said recently about employment and unemployment statistics in Mississippi, and the fact is our state has not been immune from the national economic recession. Statistics from the U.S. Bureau of Labor Statistics show that in January 2004, 1,108,300 Mississippians were employed, compared to 1,107,500 employed in August 2009 – a difference of 800 jobs. Peak employment during my term was reached in December 2007, when 1,164,300 Mississippians were employed. However, with the onset of the economic downturn, Mississippi has been shedding jobs as business activity contracts and consumer spending declines. If employment continues to decrease, I anticipate the state's recovery process will be long, with revenue collections slow to return to previous levels.

As we construct the FY 2011 budget, Mississippi must prepare for the loss of federal stimulus money. Much of this money will be gone by December 2010, and none will remain by July 2011; the loss of this one-time federal money is likely to leave huge gaps in the state budget and adversely affect some services. The State of Mississippi cannot continue to base its budget or operations on whether or not the federal government will bail us out; instead, the state must live within its means. Doing so will require meaningful reform of what government does and how it does it. Business as usual simply will not work.

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Deleted: requiring that all agencies be cut by at least 5 percent before any agency is cut by more than 5 percent and requiring that any cuts above 5 percent must be uniform across all agencies. To balance the FY 2010 budget will likely require cuts in excess of 5 percent which, if I used my budget reduction authority, would require significant cuts to Medicaid and many programs that already received greater than 5 percent from previous appropriations in the FY 2010 process. In this case

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